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HON. FREDERICK P. CORBIT

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON

In re

1 MIN, LLC; HOTEL AT SOUTHPORT,  
LLC; and TWELFTH FLOOR, LLC,

Debtors.

LAN CAI, et al.,

Plaintiffs,

v.

HOTEL AT SOUTHPORT, LLC, et al.,

Defendants,

and

WF CREL 2020 GRANTOR TRUST,

Intervenor-Defendant.

Chapter 11

Lead Case No. 24-01519

Adv. Proc. No. 25-80007

**NOTICE OF FILING  
COMPARISON VERSION OF  
DEFENDANTS' AMENDED  
ANSWER**

PLEASE TAKE NOTICE that Defendants 1 Min, LLC, Hotel at Southport, LLC,  
and Twelfth Floor, LLC (the "Defendants"), file as **Exhibit A** attached hereto a

NOTICE OF FILING COMPARISON VERSION OF  
DEFENDANTS' AMENDED ANSWER – Page 1

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1 comparison version of the *Defendants' Amended Answer* [Docket No. 46], marked to  
2 show changes made from the previously filed *Defendants' Answer* [Docket No. 39].

3 DATED this 9th day of May, 2025.

4 **BUSH KORNFELD LLP**

5 By /s/ Jason Wax  
6 James L. Day, WSBA #20474  
7 Christine M. Tobin-Presser #27628  
8 Jason Wax, WSBA #41944

9 *Attorneys for the Debtor-Defendants*  
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NOTICE OF FILING COMPARISON VERSION OF  
DEFENDANTS' AMENDED ANSWER – Page 2

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# **EXHIBIT A**

JAMES L. DAY (WSBA #20474)  
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In re

Chapter 11

1 MIN, LLC; HOTEL AT SOUTHPORT,  
LLC; and TWELFTH FLOOR, LLC,

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**DEFENDANTS' AMENDED  
ANSWER**

HOTEL AT SOUTHPORT, LLC, et al.,

Defendants,

and

WF CREL 2020 GRANTOR TRUST,

Intervenor-Defendant.

Defendants 1 Min, LLC (the “EB-5 Debtor”), Hotel at Southport, LLC (the  
“Hotel Debtor”), and Twelfth Floor, LLC (the “Mezz Debtor” and, together with the  
EB-5 Debtor and the Hotel Debtor, the “Defendants”), by and through their

undersigned counsel, hereby answer and otherwise respond to Plaintiffs' Complaint ("Complaint"). Except as expressly admitted herein, Defendants deny each and every allegation contained in the Complaint.

### **NATURE OF THE ACTION**

1. Defendants deny the allegations in Paragraph 1 of the Complaint.

2. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 2 of the Complaint, and on that basis deny them.

3. Paragraph 3 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 3 of the Complaint.

4. Defendants admit that Michael Christ is the member of the general partner Southport Management LLC of Seattle Family, LP, which serves as the general partner of the Southport Hotel EB-5, LP (the "Partnership"). Defendants deny the remaining allegations in Paragraph 4 of the Complaint.

5. Defendants admit that Michael Christ is the member of Southport Management LLC and the CEO of SECO Development, Inc. which was the manager of Hotel at Southport LLC and that the EB-5 project concerns the 12-story Hyatt Regency Hotel with 347 guest rooms located in Renton, Washington. Defendants deny the remaining allegations in Paragraph 5 of the Complaint.

6. Defendants admit that the EB-5 project concerns a property located at 1053 Lake Washington Blvd Renton, WA 98056 with a Parcel ID 052305-9075-04 and

1 that Hotel at Southport LLC was the owner of the property. Defendants deny the  
2 remaining allegations in Paragraph 6 of the Complaint.

3 7. Defendants neither admit nor deny the allegations in paragraph 7 of the  
4 Complaint because they constitute Plaintiffs' characterization of the Deed of Trust to  
5 which no response is required. To the extent a response is deemed required, Defendants  
6 respectfully refer the Court to the Deed of Trust for a full and accurate statement of its  
7 contents and otherwise deny the allegations in Paragraph 7 of the Complaint.

8 8. Defendants neither admit nor deny the allegations in paragraph 8 of the  
9 Complaint because they constitute Plaintiffs' characterization of the Deed of Trust to  
10 which no response is required. To the extent a response is deemed required, Defendants  
11 respectfully refer the Court to the Deed of Trust for a full and accurate statement of its  
12 contents and otherwise deny the allegations in Paragraph 8 of the Complaint.

13 9. Defendants deny the allegations in Paragraph 9 of the Complaint.

14 10. Defendants deny the allegations in Paragraph 10 of the Complaint.

15 **PARTIES**

16 11. Defendants lack knowledge or information sufficient to form a belief  
17 about the truth of the allegations in Paragraph 11 of the Complaint, and on that basis  
18 deny them.

19 12. Defendants admit that Hotel at Southport LLC is a Delaware limited  
20 liability company. It is the successor-in-interest to Hotel at Southport LLC, a  
21 Washington limited liability company. It was the owner of the Land. Defendants deny  
22 the remaining allegations in Paragraph 12 of the Complaint.  
23

13. Defendant Twelfth Floor, LLC is a Delaware limited liability company. It 100% owns Hotel at Southport LLC, and it is 100% owned by 1 Min, LLC. Defendants deny the remaining allegations in Paragraph 13 of the Complaint.

14. Defendant 1 Min, LLC is a Washington limited liability company. It owns 100% of Twelfth Floor, LLC, and it is 100% owned by Michael Christ. Defendants deny the remaining allegations in Paragraph 14 of the Complaint.

## JURISDICTION AND VENUE

15. Paragraph 15 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants admit the allegations in Paragraph 15 of the Complaint.

16. Paragraph 16 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants admit the allegations in Paragraph 16 of the Complaint.

## FACTUAL ALLEGATIONS

## I. The Chapter 11 Cases

17. Defendants admit the allegations in Paragraph 17 of the Complaint.

18. Defendants admit the allegations in Paragraph 18 of the Complaint.

19. Defendants lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 19 of the Complaint, and on that basis deny them.

20. Defendants admit that they filed an objection to the Plaintiffs' Proof of Claim, and that such objection speaks for itself, and deny the remaining allegations in Paragraph 20 of the Complaint.

1           21. Defendants admit that the Plaintiffs filed a limited objection to the Plan,  
2 but lack knowledge or information sufficient to form a belief about the truth of the  
3 remaining allegations in Paragraph 21 of the Complaint, and on that basis deny them.

4           22. Defendants admit that a Plan was confirmed on or about November 27,  
5 2024, and that such Plan speaks for itself. Defendants deny any remaining allegations  
6 in Paragraph 22 of the Complaint.

7           23. Defendants admit that the Plaintiffs agreed with Defendants and  
8 Intervenor-Defendant to resolve Plaintiffs' claims via this adversary proceeding.  
9 Defendants lack knowledge or information sufficient to form a belief about the truth of  
10 the remaining allegations in Paragraph 23 of the Complaint, and on that basis deny  
11 them.

## 12       **II. The EB-5 Program**

13           24. Paragraph 24 of the Complaint contains a legal conclusion to which no  
14 answer is required. To the extent an answer is required, Defendants deny the allegations  
15 in Paragraph 24 of the Complaint.

16           25. Paragraph 25 of the Complaint contains a legal conclusion to which no  
17 answer is required. To the extent an answer is required, Defendants deny the allegations  
18 in Paragraph 25 of the Complaint.

19           26. Defendants lack knowledge or information sufficient to form a belief  
20 about the truth of the remaining allegations in Paragraph 26 of the Complaint, and on  
21 that basis deny them.  
22  
23



27. Defendants lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 27 of the Complaint, and on that basis deny them.

28. Paragraph 28 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 28 of the Complaint.

29. Paragraph 29 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 29 of the Complaint.

### **III. Plaintiffs' Investment in the Project**

30. Paragraph 30 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 30 of the Complaint.

31. Paragraph 31 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 31 of the Complaint.

32. Defendants admit that certain third parties who are not defendants in this adversary proceeding solicited investments for hotel construction, but otherwise deny the remaining allegations in Paragraph 32 of the Complaint.

33. Defendants deny the allegations in Paragraph 33 of the Complaint.

34. Defendants neither admit nor deny the allegations in Paragraph 34 of the Complaint because they constitute Plaintiffs' characterization of the Offering Documents to which no response is required. To the extent a response is deemed

1 required, Defendants respectfully refer the Court to the Offering Documents for a full  
2 and accurate statement of their contents, and otherwise deny the allegations in  
3 Paragraph 34 of the Complaint.

4 35. Defendants neither admit nor deny the allegations in Paragraph 35 of the  
5 Complaint because they constitute Plaintiffs' characterization of the Offering  
6 Documents to which no response is required. To the extent a response is deemed  
7 required, Defendants respectfully refer the Court to the Offering Documents for a full  
8 and accurate statement of their contents, and otherwise deny the allegations in  
9 Paragraph 35 of the Complaint.

10 36. Defendants lack knowledge or information sufficient to form a belief  
11 about the truth of the allegations in Paragraph 36 of the Complaint regarding the  
12 provision of the Offering Documents to Plaintiffs, and on that basis deny those  
13 allegations. Paragraph 36 of the Complaint also contains a legal conclusion to which no  
14 answer is required. To the extent an answer is required, Defendants deny the remaining  
15 allegations in Paragraph 36 of the Complaint.

16 37. Paragraph 37 of the Complaint contains a legal conclusion to which no  
17 answer is required. To the extent an answer is required, Defendants deny the allegations  
18 in Paragraph 37 of the Complaint.

19 38. Defendants deny the allegations in Paragraph 38 of the Complaint as an  
20 incomplete and inaccurate statement of the facts.

21 39. Defendants neither admit nor deny the allegations in Paragraph 39 of the  
22 Complaint because they constitute Plaintiffs' characterization of the Offering  
23 Documents to which no response is required. To the extent a response is deemed

1 required, Defendants respectfully refer the Court to the Offering Documents for a full  
2 and accurate statement of their contents, and otherwise deny the allegations in  
3 Paragraph 39 of the Complaint.

4 40. Defendants neither admit nor deny the allegations in Paragraph 40 of the  
5 Complaint because they constitute Plaintiffs' characterization of the Offering  
6 Documents to which no response is required. To the extent a response is deemed  
7 required, Defendants respectfully refer the Court to the Offering Documents for a full  
8 and accurate statement of their contents, and otherwise deny the allegations in  
9 Paragraph 40 of the Complaint.

10 41. Defendants lack knowledge or information sufficient to form a belief  
11 about the truth of the remaining allegations in Paragraph 41 of the Complaint, and on  
12 that basis deny them.

13 42. Defendants neither admit nor deny the allegations in Paragraph 42 of the  
14 Complaint because they constitute Plaintiffs' characterization of the Offering  
15 Documents to which no response is required. To the extent a response is deemed  
16 required, Defendants respectfully refer the Court to the Offering Documents for a full  
17 and accurate statement of their contents, and otherwise deny the allegations in  
18 Paragraph 42 of the Complaint.

19 43. Defendants deny the allegations in Paragraph 43 of the Complaint as an  
20 incomplete and inaccurate statement of the facts.

21 44. Defendants deny the allegations in Paragraph 44 of the Complaint as an  
22 incomplete and inaccurate statement of the facts.

23 **IV. Books and Records Demand**

1           45. Defendants neither admit nor deny the allegations in Paragraph 45 of the  
2 Complaint because they constitute Plaintiffs' characterization of the Status Report to  
3 which no response is required. To the extent a response is deemed required, Defendants  
4 respectfully refer the Court to the Status Report for a full and accurate statement of its  
5 contents and otherwise deny the allegations in Paragraph 45 of the Complaint.

6           46. Defendants neither admit nor deny the allegations in Paragraph 46 of the  
7 Complaint because they constitute Plaintiffs' characterization of the Status Report to  
8 which no response is required. To the extent a response is deemed required, Defendants  
9 respectfully refer the Court to the Status Report for a full and accurate statement of its  
10 contents and otherwise deny the allegations in Paragraph 46 of the Complaint.

11           47. Defendants neither admit nor deny the allegations in Paragraph 47 of the  
12 Complaint because they constitute Plaintiffs' characterization of the Status Report to  
13 which no response is required. To the extent a response is deemed required, Defendants  
14 respectfully refer the Court to the Status Report for a full and accurate statement of its  
15 contents and otherwise deny the allegations in Paragraph 47 of the Complaint.

16           48. Defendants neither admit nor deny the allegations in Paragraph 48 of the  
17 Complaint because they constitute Plaintiffs' characterization of the Status Report to  
18 which no response is required. To the extent a response is deemed required, Defendants  
19 respectfully refer the Court to the Status Report for a full and accurate statement of its  
20 contents and otherwise deny the allegations in Paragraph 48 of the Complaint.

21           49. Defendants neither admit nor deny the allegations in Paragraph 49 of the  
22 Complaint because they constitute Plaintiffs' characterization of the Status Report to  
23 which no response is required. To the extent a response is deemed required, Defendants

1 respectfully refer the Court to the Status Report for a full and accurate statement of its  
2 contents and otherwise deny the allegations in Paragraph 49 of the Complaint.

3 50. Defendants lack knowledge or information sufficient to form a belief  
4 about the truth of the allegations in Paragraph 50 of the Complaint, and on that basis  
5 deny them.

6 51. Defendants deny the allegations in Paragraph 51 of the Complaint.

7 52. Defendants deny the allegations in Paragraph 52 of the Complaint.

8 53. Defendants deny the allegations in Paragraph 53 of the Complaint.

9 54. Defendants deny the allegations in Paragraph 54 of the Complaint.

10 55. Defendants deny the allegations in Paragraph 55 of the Complaint.

11 56. Defendants deny the allegations in Paragraph 56 of the Complaint.

12 57. Defendants deny the allegations in Paragraph 57 of the Complaint.

13 58. Defendants deny the allegations in Paragraph 58 of the Complaint as an  
14 incomplete and inaccurate statement of the facts.

15 59. Defendants neither admit nor deny the allegations in Paragraph 58 of the  
16 Complaint because they constitute Plaintiffs' characterization of the First Amendment  
17 to PPM to which no response is required. To the extent a response is deemed required,  
18 Defendants respectfully refer the Court to the First Amendment to PPM for a full and  
19 accurate statement of its contents and otherwise deny the allegations in Paragraph 59 of  
20 the Complaint.

21 60. Defendants neither admit nor deny the allegations in Paragraph 60 of the  
22 Complaint because they constitute Plaintiffs' characterization of the Hyatt's Franchise  
23 Disclosure Documents to which no response is required. To the extent a response is

1 deemed required, Defendants respectfully refer the Court to the Hyatt's Franchise  
2 Disclosure Documents for a full and accurate statement of its contents and otherwise  
3 deny the allegations in Paragraph 60 of the Complaint.

4 61. Defendants deny the allegations in Paragraph 61 of the Complaint.

5 62. Defendants deny the allegations in Paragraph 62 of the Complaint.

6 63. Defendants deny the allegations in Paragraph 63 of the Complaint as an  
7 incomplete and inaccurate statement of the facts.

8 64. Defendants neither admit nor deny the allegations in Paragraph 64 of the  
9 Complaint because they constitute Plaintiffs' characterization of the Hotel Cost  
10 Breakdown to which no response is required. To the extent a response is deemed  
11 required, Defendants respectfully refer the Court to the Hotel Cost Breakdown for a full  
12 and accurate statement of its contents and otherwise deny the allegations in Paragraph  
13 64 of the Complaint.

14 65. Defendants deny the allegations in Paragraph 65 of the Complaint.

15 66. Defendants deny the allegations in Paragraph 66 of the Complaint.

16 67. Defendants deny the allegations in Paragraph 67 of the Complaint.

17 68. Defendants deny the allegations in Paragraph 68 of the Complaint.

18 69. Defendants deny the allegations in Paragraph 69 of the Complaint.

19 70. Defendants deny the allegations in Paragraph 70 of the Complaint.

20 71. Defendants neither admit nor deny the allegations in Paragraph 71 of the  
21 Complaint because they constitute Plaintiffs' characterization of the Partnership  
22 Agreement to which no response is required. To the extent a response is deemed  
23 required, Defendants respectfully refer the Court to the Partnership Agreement for a

1 full and accurate statement of its contents of its contents and otherwise deny the  
2 allegations in Paragraph 71 of the Complaint.

3 72. Defendants deny the allegations in Paragraph 72 of the Complaint.

4 73. Defendants deny the allegations in Paragraph 73 of the Complaint.

5 74. Defendants admit that Plaintiffs have not received any money from  
6 Defendants. Defendants deny the remaining allegations in Paragraph 74 of the  
7 Complaint.

8 75. Defendants deny the allegations in Paragraph 75 of the Complaint.

9 76. Defendants deny the allegations in Paragraph 76 of the Complaint.

10 **V. Alter Ego of Defendants**

11 77. Paragraph 77 of the Complaint contains a legal conclusion to which no  
12 answer is required. To the extent an answer is required, Defendants deny the allegations  
13 in Paragraph 77 of the Complaint.

14 78. Paragraph 78 of the Complaint contains a legal conclusion to which no  
15 answer is required. To the extent an answer is required, Defendants deny the allegations  
16 in Paragraph 78 of the Complaint.

17 79. Paragraph 79 of the Complaint contains a legal conclusion to which no  
18 answer is required. To the extent an answer is required, Defendants deny the allegations  
19 in Paragraph 79 of the Complaint.

20 80. Paragraph 80 of the Complaint contains a legal conclusion to which no  
21 answer is required. To the extent an answer is required, Defendants deny the allegations  
22 in Paragraph 80 of the Complaint.  
23

1           81. Paragraph 81 of the Complaint contains a legal conclusion to which no  
2 answer is required. To the extent an answer is required, Defendants deny the allegations  
3 in Paragraph 81 of the Complaint.

4           82. Defendants deny the allegations in Paragraph 82 of the Complaint.

5           83. Paragraph 83 of the Complaint contains a legal conclusion to which no  
6 answer is required. To the extent an answer is required, Defendants deny the allegations  
7 in Paragraph 83 of the Complaint.

8                                   **COUNT I**  
9                                   **DIRECT CLAIM FOR FRAUD**  
10                                  **(Against All Defendants)**

11           84. With respect to Paragraph 84 of the Complaint, Defendants repeat and  
12 reallege their responses to Paragraphs 1 through 83 as if fully set forth herein.

13           85. Paragraph 85 of the Complaint contains a legal conclusion to which no  
14 answer is required. To the extent an answer is required, Defendants deny the allegations  
15 in Paragraph 85 of the Complaint.

16           86. Paragraph 86 of the Complaint contains a legal conclusion to which no  
17 answer is required. To the extent an answer is required, Defendants deny the allegations  
18 in Paragraph 86 of the Complaint.

19           87. Paragraph 87 of the Complaint contains a legal conclusion to which no  
20 answer is required. To the extent an answer is required, Defendants deny the allegations  
21 in Paragraph 87 of the Complaint.

22           88. Paragraph 88 of the Complaint contains a legal conclusion to which no  
23 answer is required. To the extent an answer is required, Defendants deny the allegations  
in Paragraph 88 of the Complaint.



89. Paragraph 89 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 89 of the Complaint.

90. Paragraph 90 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 90 of the Complaint.

91. Paragraph 91 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 91 of the Complaint.

92. Paragraph 92 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 92 of the Complaint.

93. Paragraph 93 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 93 of the Complaint.

94. Paragraph 94 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 94 of the Complaint.

95. Paragraph 95 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 95 of the Complaint.

**COUNT II**  
**DIRECT CLAIM FOR BREACH OF FIDUCIARY DUTY**  
**(Against All Defendants)**

1           96. With respect to Paragraph 96 of the Complaint, Defendants repeat and  
2 reallege their responses to Paragraphs 1 through 95 as if fully set forth herein.

3           97. Paragraph 97 of the Complaint contains a legal conclusion to which no  
4 answer is required. To the extent an answer is required, Defendants deny the allegations  
5 in Paragraph 97 of the Complaint.

6           98. Paragraph 98 of the Complaint contains a legal conclusion to which no  
7 answer is required. To the extent an answer is required, Defendants deny the allegations  
8 in Paragraph 98 of the Complaint.

9           99. Paragraph 99 of the Complaint contains a legal conclusion to which no  
10 answer is required. To the extent an answer is required, Defendants deny the allegations  
11 in Paragraph 99 of the Complaint.

12          100. Paragraph 100 of the Complaint contains a legal conclusion to which no  
13 answer is required. To the extent an answer is required, Defendants deny the allegations  
14 in Paragraph 100 of the Complaint.

15          101. Paragraph 101 of the Complaint contains a legal conclusion to which no  
16 answer is required. To the extent an answer is required, Defendants deny the allegations  
17 in Paragraph 101 of the Complaint.

18          102. Paragraph 102 of the Complaint contains a legal conclusion to which no  
19 answer is required. To the extent an answer is required, Defendants deny the allegations  
20 in Paragraph 102 of the Complaint.

21          103. Paragraph 103 of the Complaint contains a legal conclusion to which no  
22 answer is required. To the extent an answer is required, Defendants deny the allegations  
23 in Paragraph 103 of the Complaint.

1           104. Paragraph 104 of the Complaint contains a legal conclusion to which no  
2 answer is required. To the extent an answer is required, Defendants deny the allegations  
3 in Paragraph 104 of the Complaint.

4           105. Paragraph 105 of the Complaint contains a legal conclusion to which no  
5 answer is required. To the extent an answer is required, Defendants deny the allegations  
6 in Paragraph 105 of the Complaint.

7           106. Paragraph 106 of the Complaint contains a legal conclusion to which no  
8 answer is required. To the extent an answer is required, Defendants deny the allegations  
9 in Paragraph 106 of the Complaint.

10          107. Paragraph 107 of the Complaint contains a legal conclusion to which no  
11 answer is required. To the extent an answer is required, Defendants deny the allegations  
12 in Paragraph 107 of the Complaint.

13          108. Paragraph 108 of the Complaint contains a legal conclusion to which no  
14 answer is required. To the extent an answer is required, Defendants deny the allegations  
15 in Paragraph 108 of the Complaint.

16          109. Paragraph 109 of the Complaint contains a legal conclusion to which no  
17 answer is required. To the extent an answer is required, Defendants deny the allegations  
18 in Paragraph 109 of the Complaint.

19          110. Paragraph 110 of the Complaint contains a legal conclusion to which no  
20 answer is required. To the extent an answer is required, Defendants deny the allegations  
21 in Paragraph 110 of the Complaint.

22                                   **COUNT III**  
23                                   **DIRECT CLAIM FOR**  
                                  **AIDING AND ABETTING BREACH OF FIDUCIARY DUTY**

**(Against All Defendants)**

111. With respect to Paragraph 111 of the Complaint, Defendants repeat and reallege their responses to Paragraphs 1 through 110 as if fully set forth herein.

112. Paragraph 112 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 112 of the Complaint.

113. Paragraph 113 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 113 of the Complaint.

114. Paragraph 114 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 114 of the Complaint.

115. Paragraph 115 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 115 of the Complaint.

116. Paragraph 116 of the Complaint contains a legal conclusion to which no answer is required. To the extent an answer is required, Defendants deny the allegations in Paragraph 116 of the Complaint.

**COUNT IV  
DIRECT CLAIM FOR SECURITIES FRAUD  
(Against All Defendants)**

117. With respect to Paragraph 117 of the Complaint, Defendants repeat and reallege their responses to Paragraphs 1 through 116 as if fully set forth herein.

1 118. Paragraph 118 of the Complaint contains a legal conclusion to which no  
2 answer is required. To the extent an answer is required, Defendants deny the allegations  
3 in Paragraph 118 of the Complaint.

4 119. Paragraph 119 of the Complaint contains a legal conclusion to which no  
5 answer is required. To the extent an answer is required, Defendants deny the allegations  
6 in Paragraph 119 of the Complaint.

7 120. Paragraph 120 of the Complaint contains a legal conclusion to which no  
8 answer is required. To the extent an answer is required, Defendants deny the allegations  
9 in Paragraph 120 of the Complaint.

10 121. Paragraph 121 of the Complaint contains a legal conclusion to which no  
11 answer is required. To the extent an answer is required, Defendants deny the allegations  
12 in Paragraph 121 of the Complaint.

13 122. Paragraph 122 of the Complaint contains a legal conclusion to which no  
14 answer is required. To the extent an answer is required, Defendants deny the allegations  
15 in Paragraph 122 of the Complaint.

16 123. Paragraph 123 of the Complaint contains a legal conclusion to which no  
17 answer is required. To the extent an answer is required, Defendants deny the allegations  
18 in Paragraph 123 of the Complaint.

19 124. Paragraph 124 of the Complaint contains a legal conclusion to which no  
20 answer is required. To the extent an answer is required, Defendants deny the allegations  
21 in Paragraph 124 of the Complaint.  
22  
23

1 125. Paragraph 125 of the Complaint contains a legal conclusion to which no  
2 answer is required. To the extent an answer is required, Defendants deny the allegations  
3 in Paragraph 125 of the Complaint.

4 126. Paragraph 126 of the Complaint contains a legal conclusion to which no  
5 answer is required. To the extent an answer is required, Defendants deny the allegations  
6 in Paragraph 126 of the Complaint.

7 127. Paragraph 127 of the Complaint contains a legal conclusion to which no  
8 answer is required. To the extent an answer is required, Defendants deny the allegations  
9 in Paragraph 127 of the Complaint.

10 128. Paragraph 128 of the Complaint contains a legal conclusion to which no  
11 answer is required. To the extent an answer is required, Defendants deny the allegations  
12 in Paragraph 128 of the Complaint.

13 129. Paragraph 129 of the Complaint contains a legal conclusion to which no  
14 answer is required. To the extent an answer is required, Defendants deny the allegations  
15 in Paragraph 129 of the Complaint.

16 **COUNT VI**  
17 **DIRECT CLAIM FOR CIVIL CONSPIRACY**  
18 **(Against All Defendants)**

19 130. With respect to Paragraph 130 of the Complaint, Defendants repeat and  
20 reallege their responses to Paragraphs 1 through 129 as if fully set forth herein.

21 131. Paragraph 131 of the Complaint contains a legal conclusion to which no  
22 answer is required. To the extent an answer is required, Defendants deny the allegations  
23 in Paragraph 131 of the Complaint.

1 132. Paragraph 132 of the Complaint contains a legal conclusion to which no  
2 answer is required. To the extent an answer is required, Defendants deny the allegations  
3 in Paragraph 132 of the Complaint.

4 133. Paragraph 133 of the Complaint contains a legal conclusion to which no  
5 answer is required. To the extent an answer is required, Defendants deny the allegations  
6 in Paragraph 133 of the Complaint.

7 **COUNT VII**  
8 **VIOLATION OF RCW 19.86.020**  
9 **(Against All Defendants)**

10 134. Paragraph 134 of the Complaint contains a legal conclusion to which no  
11 answer is required. To the extent an answer is required, Defendants deny the allegations  
12 in Paragraph 134 of the Complaint.

13 135. Paragraph 135 of the Complaint contains a legal conclusion to which no  
14 answer is required. To the extent an answer is required, Defendants deny the allegations  
15 in Paragraph 135 of the Complaint.

16 136. Paragraph 136 of the Complaint contains a legal conclusion to which no  
17 answer is required. To the extent an answer is required, Defendants deny the allegations  
18 in Paragraph 136 of the Complaint.

19 137. Paragraph 137 of the Complaint contains a legal conclusion to which no  
20 answer is required. To the extent an answer is required, Defendants deny the allegations  
21 in Paragraph 137 of the Complaint.

22 138. Paragraph 138 of the Complaint contains a legal conclusion to which no  
23 answer is required. To the extent an answer is required, Defendants deny the allegations  
in Paragraph 138 of the Complaint.

1           139. Paragraph 139 of the Complaint contains a legal conclusion to which no  
2 answer is required. To the extent an answer is required, Defendants deny the allegations  
3 in Paragraph 139 of the Complaint.

4           140. Paragraph 140 of the Complaint contains a legal conclusion to which no  
5 answer is required. To the extent an answer is required, Defendants deny the allegations  
6 in Paragraph 140 of the Complaint.

7           141. Paragraph 141 of the Complaint contains a legal conclusion to which no  
8 answer is required. To the extent an answer is required, Defendants deny the allegations  
9 in Paragraph 141 of the Complaint.

10          142. Paragraph 142 of the Complaint contains a legal conclusion to which no  
11 answer is required. To the extent an answer is required, Defendants deny the allegations  
12 in Paragraph 142 of the Complaint.

13          143. Paragraph 143 of the Complaint contains a legal conclusion to which no  
14 answer is required. To the extent an answer is required, Defendants deny the allegations  
15 in Paragraph 143 of the Complaint.

16          144. Paragraph 144 of the Complaint contains a legal conclusion to which no  
17 answer is required. To the extent an answer is required, Defendants deny the allegations  
18 in Paragraph 144 of the Complaint.

19          145. Paragraph 145 of the Complaint contains a legal conclusion to which no  
20 answer is required. To the extent an answer is required, Defendants deny the allegations  
21 in Paragraph 145 of the Complaint.



1 146. Paragraph 146 of the Complaint contains a legal conclusion to which no  
2 answer is required. To the extent an answer is required, Defendants deny the allegations  
3 in Paragraph 146 of the Complaint.

4 **PRAYER FOR RELIEF**

5 Plaintiffs' Prayer for Relief is not an allegation and does not require an answer.  
6 To the extent an answer is required, Defendants deny that Plaintiffs are entitled to the  
7 requested relief.

8 **AFFIRMATIVE DEFENSES**

- 9 1. The Complaint fails to state a claim upon which relief can be granted.
- 10 2. Plaintiffs' claims are barred, in whole or in part, by the terms of the  
11 Offering Documents and related documents.
- 12 3. Plaintiffs' claims are barred, in whole or in part, by the defense of  
13 economic or business justification.
- 14 4. Plaintiffs' claims are barred, in whole or in part, by the applicable statute  
15 of limitations and/or the doctrines of waiver, estoppel, and/or laches.
- 16 5. Plaintiffs' claims are barred, in whole or in part, because any alleged  
17 damages that Plaintiffs claim to have suffered were caused by a third party.
- 18 6. Any damage, loss, or liability sustained by Plaintiffs must be reduced,  
19 diminished, and/or eliminated in proportion to the wrongful or negligent conduct of  
20 entities or individuals other than Defendants, including under principles of equitable  
21 allocation, recoupment, set-off, contribution, proportionate responsibility, and  
22 comparative fault.  
23

1           7.     Plaintiffs' claims are barred because their alleged damages, if any, are too  
2 speculative or remote, and because of the impossibility of the proof and allocation of  
3 these alleged damages.

4           8.     Plaintiffs' claims are barred, in whole or in part, by Plaintiffs' failure to  
5 mitigate their damages, if any.

6           9.     Plaintiffs' claims are barred, in whole or in part, by the doctrine of unclean  
7 hands.

8           10.    Plaintiffs' claims are barred, in whole or in part, because Defendants are  
9 not the proximate or legal cause of Plaintiffs' alleged damages.

10          11.    Plaintiffs' claims are barred, in whole or in part, because Defendants did  
11 not breach any legal obligation or duty alleged in the Complaint.

12          12.    Plaintiffs' claims are barred, in whole or in part, because Plaintiffs  
13 assumed the risk of loss.

14          13.    Plaintiffs' claims are barred, in whole or in part, because Plaintiffs lack  
15 standing and/or privity.

16          14.    Plaintiffs' claims are barred, in whole or in part, because Plaintiffs failed  
17 to exercise applicable rights they may have had under the Offering Documents and  
18 related documents.

19          15.    Defendants reserve and assert all affirmative defenses available under any  
20 applicable federal or state law or equity, and reserve the right to assert other defenses,  
21 cross-claims, and third-party claims if and when they become appropriate in this action.

22          16.    Plaintiffs' claims are barred by each of the affirmative defenses referenced  
23 above and should be dismissed for the reasons set out in the AP Defendants'

1 Memorandum of Law in Support of their Motion to Dismiss the Complaint [ECF No.  
2 14].

3 But even assuming *arguendo* that all of Plaintiffs' allegations against the Debtor-  
4 Defendants were true, Plaintiffs' claims would be required to be subordinated to all  
5 creditors' claims, including the claims of WF Trust, pursuant to Section 510(b) of the  
6 Bankruptcy Code, 11 U.S.C. § 510(b) ("Section 510(b)"), which provides that "a claim  
7 arising from rescission of a purchase or sale of a security of the debtor or of an affiliate  
8 of the debtor, for damages arising from the purchase or sale of such a security, or for  
9 reimbursement or contribution allowed under section 502 on account of such a claim,  
10 shall be subordinated to all claims or interests that are senior to or equal the claim or  
11 interest represented by such security."

12 Specifically, pursuant to an offering that closed in 2016 (the "Offering"),  
13 Plaintiffs allegedly purchased limited partnership units in Southport Hotel EB-5 LP (the  
14 "Partnership"), as a means of facilitating their immigration into the United States. In  
15 turn, the Partnership extended a loan to Hotel at Southport, a Washington LLC, for the  
16 development and construction of the Hyatt Regency Lake Washington (the "Project").

17 Plaintiffs allege that the Debtor-Defendants should be held liable for fraud and  
18 other torts in connection with the Offering because they are purported "alter egos" of  
19 (a) Michael Christ, the developer of the Project, and (b) the General Partner of the  
20 Partnership, Seattle Family, LP (Compl. ¶ 77, 83).

21 In addition to alleging that the Debtor-Defendants and the General Partner (and  
22 by extension, the Partnership) are "alter egos," Plaintiffs allege that the Debtor-  
23 Defendants should be deemed to be sellers of the limited partnership units that

1 Plaintiffs allegedly purchased.<sup>1</sup> Specifically, Plaintiffs allege, *inter alia*, that (a) “[t]he  
2 equity interests in the Partnership sold to Plaintiffs are securities” (id. ¶ 119), (b)  
3 “Defendants, by using the General Partner as their conduit, provided Plaintiffs . . . with  
4 Offering Documents [related to the Offering]” (id. ¶ 120), and (c) the Debtor-  
5 Defendants “are sellers and solicitors of securities . . . and played a substantial role in  
6 persuading Plaintiffs to buy the security [i.e., the limited partnership units in the  
7 Partnership] and successfully solicited the purchase to serve their own financial  
8 interests” (id. ¶ 126).

9  
10 Accordingly, based on Plaintiffs’ own allegations, their claims are subject to  
11 Section 510(b) because they seek “damages arising from the purchase or sale of” “a  
12 security of the debtor or of an affiliate of the debtor.” Section 510(b). As such,  
13 Plaintiffs’ claims “shall be subordinated to all claims or interests that are senior to or  
14 equal the claim or interest represented by such security,” including, but not limited to,  
15 the claims of WF Trust.

## 16 **RESERVATION OF RIGHTS**

17 Defendants reserve the right to assert all arguments and defenses lawfully  
18 available to them, including but not limited to those defenses asserted herein and all  
19 defenses asserted by any other Defendant in this action. Defendants also reserve the  
20 right to add defenses and affirmative defenses, to add counterclaims and third-party  
21 defendants, and to argue legal theories in addition to or in lieu of those specifically

22  
23 

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<sup>1</sup> An “interest of a limited partner in a limited partnership” is expressly deemed a “security” for purposes of Section 510(b). Bankruptcy Code § 101(49)(xiii).

1 identified herein, as the facts in the matter may warrant, including without limitation  
2 additional or further facts hereafter disclosed through discovery.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, having fully answered the Complaint, and having asserted  
5 affirmative defenses, Defendants pray for relief as follows:

6 A. for an order and judgment dismissing with prejudice all claims and  
7 allegations asserted in the Complaint against all Defendants;

8 B. for an award to Defendants, and against Plaintiffs, of attorneys' fees and  
9 costs of suit, as allowed by any contractual, equitable, legal, or statutory basis; and

10 C. for all such other and further relief to Defendants as the Court deems just  
11 and equitable.

12 DATED this ~~925~~th day of ~~May~~~~April~~, 2025.

13 **BUSH KORNFELD LLP**

14 By /s/ Jason Wax  
15 James L. Day, WSBA #20474  
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18 *Attorneys for the Debtor-Defendants*  
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